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WORLD NEWS DIGEST WITH INDEX

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UNIVERSITY OF NORTH CAROLINA

WORLD AFFAIRS

Congo

Ruanda-Urundi Clash. Fighting broke out Jan. 1 between opposing Congolese military forces on the border between the Belgian-administered Ruanda-Urundi UN trust territory and Kivu Province, in the Congo Republic.

The clash involved troops of the central Congolese government of Col. Joseph D. Mobutu and Pres. Joseph Kasavubu and rebel forces backing ex-Premier Patrice Lumumba, a prisoner of the central government.

The Mobutu troops reportedly had been airlifted Dec. 31, 1960 from Luluabourg, Kasai Province, to Usumbura, capital of Ruanda-Urundi, to attack pro-Lumumba forces dominating Kivu Province and its capital, Bukavu. The central government force, numbering 100 men and 3 officers, was driven to Shangugu, on the Kivu border, and was fired on by pro-Lumumba troops when it sought to cross into Kivu. It was reported from Léopoldville Jan. 1 that the Mobutu troops had retreated into Ruanda-Urundi after 23 had been wounded and 60 taken prisoner.

A 2d Ruanda-Urundi clash occurred Jan. 13 when rebel Congolese troops crossed the border from the Goma district of Kivu Province and fought with Belgian troops based in Kisenyi. The Congolese withdrew to Kivu territory Jan. 14, reportedly taking with them 12 Belgian prisoners. UN spokesmen reported Jan. 15 that 3 of the Belgians had died of wounds.

UN Secy. Gen. Dag Hammarskjöld protested to Belgium Jan. 1 (text made public Jan. 2) over the Mobutu troops' use of Ruanda-Urundi for "transit purposes in support of military action." Hammarskjöld, in a note handed to Belgian Rep.-to-UN Walter Loridan, demanded that Belgium take "immediate and effective measures" to disarm any Congolese forces landing in Usumbura. (Hammarskjöld, in a parallel letter to Kasavubu, warned Jan. 1 that the "developing civil war" might force him to recommend to the Security Council the withdrawal of the UN Force in the Congo.)

A 2d Hammarskjöld message to Belgium (dated Jan. 2 and made public Jan. 7) charged that "the recent incident gives indication of Belgian participation," presumably in the movement of Mobutu's troops from Usumbura to the Kivu border. A report to Hammarskjöld from Rajeshwar Dayal, his personal representative in the Congo (dated Jan. 5 and issued with the 2d Hammarskjöld letter), said that sporadic firing had gone on near Shangugu until Jan. 3 but that a truce had been implemented with the aid of UN Force officers in Bukavu. Dayal reported that Kivu troops had arrested whites after the Ruanda-Urundi clash but that Anicet Kashamura, a former member of the Lumumba cabinet, had restored order in Bukavu by Jan. 2.

A Belgian reply to Hammarskjöld, made public Jan. 12, said the Congo troops arriving in Usumbura carried a request from Kasavubu for permission to cross Ruanda-Urundi into Congolese territory. It said that Belgian officials considered the request legitimate and honored it rather than risk an incident by disarming the Congolese.

UN Council Refuses Censure. The UN Security Council was called into session Jan. 9 to hear Soviet charges of Belgian intervention in the Congo, but it refused Jan. 14 to adopt a resolution censuring Belgium.

The Security Council session, requested Jan. 7 by Soviet Deputy Foreign Min. Valerian A. Zorin on the ground that Belgium had "taken a direct part in organizing an attack" on Kivu Province, was convened in New York Jan. 12. Zorin, addressing the Council's opening session, demanded that it condemn Belgium for its "aggression" and deprive it of administration of the Ruanda-Urundi trusteeship. He proposed that all Belgian personnel be withdrawn from the Congo and Ruanda-Urundi and that the trusteeship be given its independence. Zorin's demands had been outlined by a Soviet government statement issued in Moscow Jan. 11.

Deputy U.S. Rep.-to-UN James W. Barco told the Council Jan. 13 that the Soviet accusation of Belgian aggression was "a total distortion." He said the Congo crisis was due, not to Belgian intervention, but to "rebel elements in the Congo," which had been "encouraged and actively aided from the outside . . . to flout the authority of the legitimate chief of state," Pres. Kasavubu.

A draft resolution asking General Assembly consideration of whether Belgium had violated its Ruanda-Urundi trusteeship was submitted to the Council Jan. 13 by Ceylon, Liberia and the UAR. The resolution was rejected by the Council Jan. 14 by a 4-0 vote (with the USSR and 3 sponsoring nations in favor and the 7 other Council members abstaining). No Soviet resolution had been submitted but Zorin said Jan. 14 that the USSR would take its complaint to the General Assembly.

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Week In Headlines

INTERNATIONAL

UN Security Council refused to censure Belgium for permitting Congo attack via Ruanda-Urundi; pro-Lumumba forces extended hold, invaded Katanga; Hammarskjöld visited Congo.

Laotian rebels advanced against Boun Oum regime; USSR protested U.S. supply of planes.

Belgian Socialists asked federal regime; strikes ebbed.

UNITED STATES

Pres. Eisenhower sent State of Union, Budget messages to Congress, signed Columbia River pact; farewell address, resignations marked nearing end of term.

Pres.-elect Kennedy received 'task force' reports on economic, housing programs.

Hammarskjöld Mission. Secy. Gen. Hammarskjöld left New York for the Congo Jan. 3 to confer on the crisis with Congolese leaders and with members of his 11-nation UN Conciliation Commission on the Congo.

(The Conciliation Commission, headed by Jaja Wachuku of Nigeria, began assembling in the Congo Jan. 2. The commission was composed of non-European nations that had contributed UN Force troops, with the exception of Guinea, Mali, Indonesia and the UAR, which had resigned after the UN General Assembly's recognition of the Kasavubu government.)

Hammarskjöld was met on his arrival in Léopoldville Jan. 4 by Congolese demonstrators shouting demands for the release of ex-Premier Lumumba and for the reconvening of the Lumumba-dominated Congolese Parliament.. He was guarded by Malayan UN Force troops as he met with the Conciliation Commission at UN headquarters and then conferred with Rajeshwar Dayal. Hammarskjöld met with Kasavubu Jan. 5 and left the Congo Jan. 6 for South Africa.

(The recall of Rajeshwar Dayal was demanded by Kasavubu in a message to Secy. Gen. Hammarskjöld Jan. 14. Kasavubu charged that Dayal had failed to prevent the fall of Kivu to pro-Lumumba forces and had hampered his regime's efforts to defend itself. Hammarskjöld rejected the demand in a reply to Kasavubu Jan. 16.)

Pro-Lumumba Unrest. Followers of Lumumba attacked and beat members of Kasavubu's Abako party Jan. 5-6 in sporadic demonstrations staged in Léopoldville during Hammarskjöld's visit. Pro-Lumumba unrest apparently became more prevalent as evidence accumulated that forces commanded by Antoine Gizenga and other former Lumumba cabinet ministers in Oriental Province were extending their control into Kivu and had invaded Katanga Province Jan. 9.

Congolese troops in Thysville, the garrison where Lumumba was held, mutinied against the Kasavubu regime Jan. 13 and were restored to order only after the personal intervention of Kasavubu and Mobutu. Rumors that

the Thysville garrison had freed Lumumba caused a flight of Europeans and Congolese from Léopoldville.

Katanga Invasion. The UN Command reported Jan. 9 that Congolese forces commanded by pro-Lumumba officers had invaded northern Katanga and had been welcomed by Baluba tribesmen engaged in a rebellion against the separatist regime of Katanga Pres. Moise Tshombe.

The rebel troops, said to number 1,500, reportedly were accompanied by a civilian group planning to form the nucleus of a Luluaba Province under Remy Mwamba, former justice minister in the Lumumba cabinet. Luluaba Province, as proclaimed by the pro-Lumumba group, covered ⅔ of the territory of Katanga, currently ruled by Tshombe as an independent state. Mwamba and Prosper Ilunga, a Baluba political leader, were said to have established their capital in Manono, Katanga.

Tshombe warned the UN command Jan. 10 that he would begin armed action against the invaders unless UN Force troops expelled them from Katanga. UN headquarters in Léopoldville disclosed Jan. 11 that 600 UN troops were en route to northern Katanga to interpose themselves between the opposing Katanga and Lumumba forces.

The Katanga government announced Jan. 12 that Tshombe had renounced a UN-imposed truce in northern Katanga and that the Katanga air force (believed to consist of 12 transports piloted by Belgians) had attacked the invaders. Heavy fighting was reported in the vicinity of Albertville, 300 miles northeast of Manono. Several UN troops were reported to have been wounded in an attack Jan. 13 by pro-Lumumba forces on the airport at Manono. 3 Swedish UN soldiers were wounded Jan. 15 when Baluba tribesmen attacked their train near Bukama, and other Swedish troops fought off attacking Balubas Jan. 17 in central Katanga.

The Katanga government announced Jan. 17 that it had arrested 400 Lumumba followers, among them 15 Europeans, for plotting the assassination of Tshombe and his cabinet.

Pres. Kasavubu said Jan. 17 that he and Tshombe had reached agreement on the convening of a round table conference of Congo political leaders in February in Elisabethville. The conference was to consider the Congo's political future and the end of military rule. Kasavubu had announced Jan. 2 that a provisional government headed by Premier-designate Joseph Ileo would assume office after the conference. [See Vol. XX, p. 474C1]

Laos

Rebel Drive. Laotian rebel forces continued their counter-offensive against troops of the Boum Oun regime with the capture Jan. 14 of Ta Viang, a government staging area 90 miles northeast of Vientiane.

The rebel attack, launched from Xiengkhouang, was reported to have routed 1,500 government troops preparing to attack rebel forces in the Xiengkhouang area and Laos' central Plaine des Jarres. The rebels' capture of Ta Viang followed Laotian government claims Jan. 13 that 2 columns of government troops had driven to within 3 miles of Xiengkhouang.

It was reported Jan. 16-17 that government troops had captured Vang Vieng, a rebel supply center 65 miles north of Vientiane and midway between it and Luang Prabang, the royal capital. 2 government columns participated in the attack on Vang Vieng. One had marched south from Luang Prabang. The 2d, commanded by Col. Kouprasith Abhay, had marched from Vientiane.

Vang Vieng, site of a major airstrip used for the Soviet airlift of arms to the leftist Laotian rebels, was defended by paratroops commanded by Capt. Kong Le.

The Vang Vieng attack was supported by the 4 T-6 training planes given to Laos by the U.S. Armed with small rockets and light machineguns, the planes began flying training missions against rebel areas from Vientiane Jan. 11.

U.S. Asks Aid For Laos. A White Paper issued Jan. 7 by the U.S. State Department called on all other free world nations "to support and maintain the independence of Laos through whatever measures seem most promising." Citing evidence that Communist countries had armed and encouraged Laotian dissidents to carry on subversive warfare against the current Laos government, the paper warned that "if Laos should be seized by the Communists, the effects could be far-reaching and the implication for other small and vulnerable states all too evident."

The U.S. contrasted its legal provision of military aid for Laos, even "during the recent premiership of Prince Souvanna Phouma" and his neutralist government, with the illegal deliveries of Soviet arms to the leftist Laotian rebels. It denied that the U.S. had sought or had been granted military bases in Laos. It stressed that successive Laotian governments repeatedly had proclaimed their neutrality despite the U.S.' Laotian aid program.

State Department spokesman Lincoln White confirmed Jan. 12 that the U.S. T-6 training planes given to Laos had been armed and apparently used to attack rebel positions. Asked by newsmen whether this violated the arms limitations imposed by the Geneva agreement on Laos, White asserted that "any convention . . . has to recognize the right of the [Laotian] government to self-defense."

Cambodian proposals for the summoning of a 14-nation conference on Laos, transmitted Jan. 1 in a message from Prince Norodom Sihanouk to French Pres. de Gaulle, were given French support in a de Gaulle reply made public Jan. 11. The proposed conference would include the nations involved in the 1954 Geneva Conference on Indochina, with the addition of the U.S., the 3 nations of the International Control Commission for Laos (India, Canada and Poland), and states sharing borders with Laos. The Cambodian proposal was supported by Soviet Premier Khrushchev in a letter delivered to de Gaulle Jan. 10 and made public Jan. 12.

(Washington diplomatic sources reported Jan. 17 that Laos had demanded the withdrawal of all French civil and military advisers but had been persuaded by the U.S. to ask only the transfer of specific unwelcome officials. The Laotian attitude was blamed on France's former colonial position in Indochina and on French advisors' purported support for the neutralist regime installed in Aug. 1960. Maj. Gen. Jean d'Arrivere, French military mission chief, was said to have left Laos.)

USSR Protests Planes. The USSR protested Jan. 16 that the U.S.' supply of 4 planes to the Boum Oun government was illegal under the 1954 Geneva armistice agreement and constituted intervention in the Laos revolt.

A Soviet note delivered to U.S. Amb.-to-USSR Llewellyn E. Thompson Jr. by Deputy Foreign Min. Vasily V. Kuznetsov warned that continuation of the U.S.' alleged intervention would lead "to the broadening of the conflict in Laos and to the creation of a very dangerous situation." The Soviet note, which charged that the U.S. also was delivering F-84 jets to Laos, denounced the U.S. for supporting the Boun Oum regime's "rebellion" against "the lawful government . . . headed by Souvanna Phouma."

Soviet Premier Khrushchev and Communist Chinese Premier Chou En-lai, in messages to Souvanna Jan. 17, emphasized their support of him as premier of the legal Laotian government. Khrushchev, in a note cabled to Souvanna, in exile in Cambodia, expressed Soviet concern at the U.S.' alleged efforts to "convert Laos into a SEATO base." Khrushchev reiterated his support for a new conference on Laos similar in composition to the 1954 Geneva talks. [See p. 3G2]

Belgium

Walloons Ask Federation. A delegation of Wallonian Socialists, led by Deputy Speaker Josef Martel of the Chamber of Deputies, formally presented demands to King Baudouin Jan. 14 for the reorganization of Belgium into a federation of separate Walloon and Flemish districts.

(The Wallonian Socialists had been leading a strike campaign since Dec. 20, 1960 against an austerity program proposed by Premier Gaston Eyskens to offset Belgium's loss of the Congo.) [See p. 4C3; Vol. XX, 474D2]

The delegation presented to the king an appeal for "Wallonia's right to choose its own destiny." The appeal had been approved unanimously Jan. 13 at a Namur meeting of 400 Socialist deputies and mayors from the French-speaking Walloon area of southern Belgium. The appeal charged that the country's Flemish areas had been favored over the southern industrial districts and that this had caused "the deterioration of Wallonia's economic situation" and had posed "the problem of Belgium's political structure." It urged the revision of Belgium's centralized government to give "Wallonia the right to run her own affairs."

Austerity Bill Voted. Eysken's austerity bill was passed by the Chamber of Deputies Jan. 13 by a 115-90 vote (one abstention) and was sent to the Senate.

The measure provided tax increases totaling $123 million annually and a $200 million reduction in budget expenditures. It would empower the government to take administrative action to end alleged abuses in health insurance and unemployment payments. The tax increases would come primarily from higher estate taxes and social security payments; the reduc-

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tions were to be made in pensions and defense spending.

(A rival economic program designed to shift the austerity burden to advance payment of capital taxes and to make social security reforms subject to the National Labor Council was presented to King Baudouin Jan. 15 by Socialist Party Pres. Collard.)

Strikes Ebb. The Socialist strike campaign was reported nearly at an end Jan. 18. Industry and public services were said to be operating at almost normal levels in all of Belgium except the cities of Liége and Charleroi, strongholds of Socialist-led unions.

The strikes' impetus, maintained longest by workers in Hainaut and Liége Provinces, was weakened when unions in the Mons and Borinage areas of Hainaut and the Verviers district of Liége voted Jan. 17 to return to work. In the last strike incidents to be reported, 2 police and several strikers were injured in Charleroi fighting Jan. 12, and Joseph Woussem, former Belgian featherweight boxing champion, died Jan. 17 of wounds suffered when police fired on rioters in Liége the previous day.

NATIONAL AFFAIRS

State of the Union

8 Years of Progress. Pres. Eisenhower asserted in his final State of the Union message Jan. 12 that "a united determination" during the 8 years of his Administration had "carried America to unprecedented heights." But the message warned that the U.S. faced many problems abroad and at home. The message was read to the House of Representatives by clerks. The Senate was not in session.

The President said that "Communist imperialism [had been] held in check" but that "grave troubles in the world" caused by the Communist movement were continuing and were threatening freedom in Berlin, Laos, Cuba and Africa. "At home," he said, "the conspicuous problems" were (a) relieving unemployment; (b) maintaining "steady economic growth and preserving a sound currency"; (c) "bringing our balance of payments into more reasonable equilibrium"; (d) "eliminating heavily excessive [farm] surpluses" (current U.S. wheat stocks totaled $1.3 billion bushels); (e) "overcoming deficiencies in our health and educational programs."

The message ended with the prayer that "a reasonable balance between private and governmental responsibility" would be maintained by future leaders in achieving national goals.

Among points made in the message:

Foreign policy—In the past 8 years, crises had been resolved in Korea, Suez in 1956, the Middle East and Quemoy in 1958; Communist-dominated regimes in Guatemala and Iran had been deposed; Austria's occupation had ended; the Trieste question had been settled; West Berlin had remained free.

"Important advances have been made in building mutual security arrangements." The UN had been "vigorously supported." The U.S. "continued to withhold recognition of Communist China and to oppose vigorously" its admission to the UN.

Extensive world trips by the President, Vice Pres. Nixon, the late State Secy. Dulles and State Secy. Herter were "so rewarding" "that their very success became a significant factor in causing the Soviet Union to wreck the planned summit conference of 1960." [See Vol. XX, p. 165B1]

Defense—The U.S. had forces "of a magnitude sufficient to deter and if need be to destroy predatory forces" and had made "tremendous advances in strategic weapons systems." The U.S. had operational ICBMs and IRBMs, faster-than-sound aircraft, 14 commissioned nuclear-powered ships and 2,500,000 citizen-soldiers in the Ready Reserve. The U.S. was "far and away the leader" in sea warfare. The "bomber gap" was "always a fiction," and the "missile gap" showed signs "of being the same." [See p. 5E-G1]

The Economy — While the U.S. economy had "passed the ½ trillion dollar mark in gross national product," "intermittent declines in economic activity" persisted, unemployment was high and there was "little room for complacency." However, "the inflationary spiral" had "all but ceased and the value of the dollar [was] virtually stabilized."

"A firm policy of reducing government competition with private enterprise" had "resulted in the discontinuance of some 2,000 commercial industrial installations" and "the curtailment of approximately 550 industrial installations operated directly by government agencies." [See Vol. XX, p. 471D-E3]

The Small Business Administration had approved over $1 billion in loans and "aided in setting aside $3.5 billion in government contracts for award to small business concerns." [See Vol. XX, p. 118A2]

"The largest public construction program in history—the 41,000-mile national system of interstate and defense highways—" had been "pushed rapidly forward." [See Vol. XX, p. 358A1]

"A new export expansion program" had been launched in 1960. [See Vol. XX, p. 112B1]

Labor—The U.S. had benefited "from a remarkable improvement in general industrial peace through strengthened processes of free collective bargaining." The Landrum-Griffin Act had helped labor; unemployment insurance coverage had been extended; workers' safety standards had been improved. [See Vol. XX, p. 478C-E2]

Agriculture—Farm assets rose $36 billion in 8 years to a $200 billion total. Farm owner equities were "at the near record high of $174 billion." farm ownership was at a record high. 97% of all farms had central-station electric power. Farm research appropriations had increased by 171% since 1953. Farmers were being saved approximately $80 million a year by repeal of the farm machinery gas taxes.

Agricultural exports, under impetus of the "Food for Peace" program, had grown to an average of about $4 billion annually for the past 3 years. [See Vol. XX, p. 281G1]

Natural resources—Since 1953 633,000 acres of park land and 11,342,000 acres for wildlife refuges had been added, 50 new reclamation projects and 450 new navigation flood control and multiple-purpose projects had been authorized. There were 141 soil and water conservation projects under construction in the watershed protection program. [See Vol. XX, p. 271F3]

Education—The 1958 National Defense Education Act was "a milestone in the history of American education." The government had aided the construction of about 200,000 students', teachers' and nurses-training dormitories in the past 8 years. 91% of reservation Indians 6-18 years old were enrolled in school in 1960.

Science — "Startling strides" had been made by the NASA in launching meteorological and information satellites, and "these achievements unquestionably" made the U.S. "preeminent today in space exploration for the betterment of mankind." "The application of atomic energy to industry, agriculture and medicine" had "progressed from hope . . . to reality." With continued federal support for basic scientific research, the U.S. could "expect to maintain . . . [its] position of leadership in the world." [See Vol. XX, p. 411B-E1]

Civil rights—"The first consequential federal civil rights legislation in 85 years" had been enacted in 1957 and 1960 on Administration recommendation. There was "greater equality of job opportunity in federal employment." The abolishing of segregation in the armed forces, veterans' hospitals, federal employment and throughout the District of Columbia had been "administratively accomplished." [See Vol. XX, p. 457A3]

Health & welfare—Americans had "greater protection against harmful, unclean or misrepresented foods, drugs, or cosmetics." About 90,000 handicapped people were being rehabilitated annually, and new legislation had provided for "better medical care for the needy aged." Since 1953 11 million more people were eligible for Social Security and Social Security benefits had "been substantially improved." A $900 million construction program had been developed to modernize veterans' hospitals.

Housing—"More houses have been built during the last 8 years—over 9 million—than during any previous 8 years in history." 955 urban renewal projects (estimated federal cost: $2 billion) were in the planning and construction stages. [See Vol. XX, p. 303G2-B3]

"New programs have been initiated to provide more and better housing for elderly people."

With federal help, 90 metropolitan and urban areas and 1,140 smaller towns were making comprehensive development plans. 1,600 community public works projects costing about $2 billion were planned with federal

help. The FHA had insured more than 2½ million home mortgages valued at $27 billion and had insured more than 10 million property improvement loans in the past 8 years. [See Vol. XX, p. 127C1]

The Budget

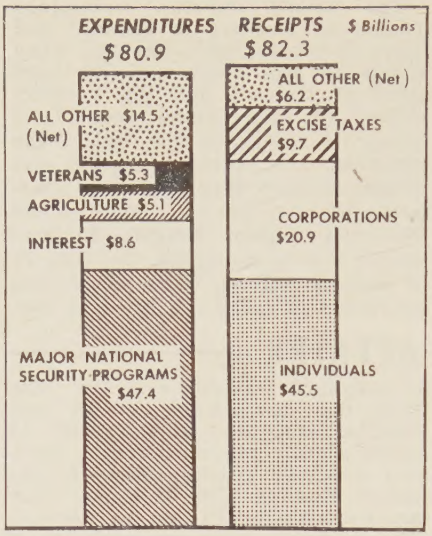
Record Spending. Pres. Eisenhower submitted his last budget to Congress Jan. 16. It was the 5th balanced budget prepared by the Eisenhower Administration during its 8 years in office. It also was Mr. Eisenhower's biggest budget. In it, the President proposed federal expenditures totaling a peacetime record $80.865 billion in fiscal 1962 (July 1, 1961 to June 30, 1962). He estimated revenues at a record $82 billion and foresaw a $1.468 billion surplus.

In his revised estimate for fiscal 1961, Mr. Eisenhower predicted that expenditures would total $78.945 billion and receipts $79.7 billion and that there would be a $79 million surplus. In fiscal 1960 actual expenditures amounted to $76.539 billion, receipts to $77.763 billion and the surplus to $1.224 billion. [See Vol. XX, p. 478B3]

Pres. Eisenhower, in his budget message, listed as "worthy of special note" these 4 of the several factors responsible for the increase in estimated 1962 spending: (1) a rise in defense outlays that largely reflected continued emphasis on such expanding programs "as Polaris submarines, the Minuteman missile, the B-70 long-range bomber, a strengthened airborne alert capability, airlift modernization and modernization of Army equipment"; (2) "substantial continuing efforts to support the cause of freedom through the mutual security program"; (3) increases in spending on space and science; (4) increased expenditures for such "activities important to domestic wellbeing" and to the U.S.' "future development" as "broadening medical care for the aged"; transportation improvements; natural resources development (at a record spending rate); "improving our health and welfare programs; providing assistance for construction of elementary and secondary schools and college facilities; assisting areas of substantial and persistent unemployment; and fostering rural development."

Mr. Eisenhower said he had offset budget increases "to some extent" by proposing "reductions which can be effected in existing programs through improved operations and through changes in present laws." Federal funds could be saved, he said, through such practices as having "states, localities and other non-federal interests . . . assume a greater share of the costs of urban renewal, local flood protection and the building and operating of schools in federally affected areas."

The President said all his budgets reflected his "conviction that military strength and domestic advancement must be based on a sound economy and that fiscal integrity is essential to the responsible conduct of governmental affairs." He reported "a large measure of success" in his "8-year effort . . . to stabilize the purchasing power of the dollar." He reiterated his opposition to what he considered overdependence on the federal government. "We must encourage states and localities to increase further their participation in programs for meeting the needs of their citizens," Mr. Eisenhower said. "And we must preserve and strengthen the environment in which individual initiative and responsibility can make their maximum contribution." [See Vol. XX, pp. 19C2-22D2]



Major expenditures and sources of receipts of fiscal 1962 Eisenhower budget are shown in Wide World graph above. Of expenditures, 57% was budgeted for major national security, 11% for interest, 6% each for farm and veterans' programs and 2% for debt retirement. It was anticipated that 55% of revenues would come from individual income taxes, 25% from corporations, 12% from excise taxes.

Details of the budget:

Taxes—Mr. Eisenhower requested an additional year's extension of the 52% corporation income tax rate and of current excise tax rates on liquor, cigarettes, autos and parts, passenger transportation and local phone calls. The extensions would prevent the loss of revenues totaling $2.6 billion in 1962 and $3.7 billion annually.

The President proposed that the highway fuel tax rate be raised by ½¢ a gallon and the resulting 4½¢ rate "continued through 1972 . . . to permit timely completion of the interstate [highway] system." He asked Congress to raise the aviation gasoline tax rate from the current 2¢ a gallon to 4½¢, to impose the same tax rate on jet fuels (currently not taxed) and to use the receipts for the federal airways system.

Mr. Eisenhower proposed that each taxpayer get a number for electronically checking income tax returns.

The President recommended that taxes be collected on the incomes of cooperatives. He proposed "more liberal and flexible depreciation" rules to "encourage business expenditures for modernization" and to "strengthen the competitive position of American producers," who were currently at a tax disadvantage in relation to many foreign producers.

Mr. Eisenhower called for an $843 million increase in postal rates, a $7 million increase in patent fees and increases totaling $9 million in other fees and charges that currently were lower than the government's cost for providing the services.

Public debt—The President said the anticipated surpluses would make possible "another modest reduction in the public debt," which he said could be cut from the $286.3 billion figure of June 30, 1960 to an estimated $284.9 billion June 30, 1961 and to $283.4 billion June 30, 1962. This would give the government "some operating leeway within the permanent debt limit of $285 billion," he said. But he added that "the seasonal pattern of tax collections" would make it necessary to extend the temporary increase in the debt limit through 1962. The current $293 billion limit was scheduled to expire June 30, 1961.]See Vol. XX, pp. 328G3, 266F1]

Mr. Eisenhower again asked Congress to remove the 4¼% statutory limit on interest on new Treasury bonds.

Cash budget—The federal cash budget, which included federal trust fund transactions and other transfers of money between the public and the federal government, showed an $800 million surplus for fiscal 1960. It was estimated that there would be surpluses of $1.1 billion in fiscal 1961 and of $1.3 billion in fiscal 1962. Receipts from the public had totaled $95.1 billion in fiscal 1960 and were estimated at $99 billion for fiscal 1961 and at $103.1 billion for fiscal 1962. Payments to the public totaled $94.3 billion in fiscal 1960 and were estimated at $97.9 billion for fiscal 1961 and at $101.8 billion for fiscal 1962.

SUMMARY OF THE BUDGET

(Amounts in millions. Periods are fiscal years ending June 30, 1960, 1961 and 1962. Figures for 1961 and 1962 are estimates based on existent and proposed legislation.)

RECEIPTS	1960	1961	1962
Indiv. income taxes	$40,715	$43,300	$45,500
Corp. income taxes	21,494	20,400	20,900
Excise taxes	9,137	9,322	9,725
Employment taxes	339	.....	.....
Estate and gift taxes	1,606	1,900	1,953
Customs	1,105	1,083	1,115
Miscellaneous	4,062	3,695	3,807
Subtotal	78,457	79,700	83,000
Less interfund transactions (included in both receipts and expenditures)	694	676	667
Total Receipts	**$77,763**	**$79,024**	**$82,333**
EXPENDITURES			
Major national security	$45,627	$45,930	$47,392
Intl. affairs and finance	1,833	2,310	2,712
Veterans	5,060	5,227	5,296
Labor and welfare	4,419	4,483	4,759
Agriculture and agricultural resources	4,838	4,936	5,101
Natural resources	1,713	1,951	2,138
Commerce, housing and space technology	2,782	3,784	3,371
General government	1,695	1,982	2,071
Interest	9,266	8,993	8,593
Allowance for contingencies	.....	25	100
Subtotal	77,233	79,621	81,532
Less interfund transactions	694	676	667
Total Expenditures	**$76,539**	**$78,945**	**$80,865**
Surplus	**$1,224**	**$79**	**$1,468**

Government organization — Mr. Eisenhower recommended that the authority of the President to submit government reorganization plans be renewed and made permanent. He proposed that the President be given au-

DEFICITS EXCEED SURPLUSES. Pres. Eisenhower's 8 budgets (for fiscal years 1955 through 1962) included 5 with surpluses totaling $5.993 billion and 3 with deficits totaling $19.426 billion. Net deficit of the 8 budgets: $13.433 billion.

thority to reorganize his executive office and to redistribute functions among units of the executive office. He suggested that an Executive Management Office be established in the President's executive office to provide central control of the executive units and to coordinate interagency operations. He urged the possible appointment of a First Secretary of the Government, "ranking higher than cabinet members," who would assist the President in national security policy and in coordinating international programs and who would represent the President at meetings with high-ranking foreign officials.

Mr. Eisenhower proposed the creation of a cabinet-level Transportation Department. He suggested that the ICC, FCC and NLRB chairmen be given full control of the executive and administrative duties of their agencies and that the ICC chairman be designated by the President. [See Vol. XX, p. 469C-D1]

Defense—Pres. Eisenhower proposed that new obligational authority for major national security be increased from the $44.761 billion total enacted for fiscal 1960 and the $45.912 billion estimated for fiscal 1961 to $46.278 billion for fiscal 1962. The latter figure included $41.809 billion for current programs, $1.8 billion for military foreign aid, $2.598 billion for atomic energy and $40 million for stockpiling and the expansion of defense production. Expenditures proposed for fiscal 1962, as compared with the estimates for fiscal 1961 and the actual totals for fiscal 1960 (in billions):

Defense Department:	1960	1961	1962
Current military programs	$41.215	$41.5	$42.879
Military foreign aid	1.609	1.7	1.75
Atomic energy	2.623	2.66	2.68
Stockpiling and defense output expansion	.18	.07	.052

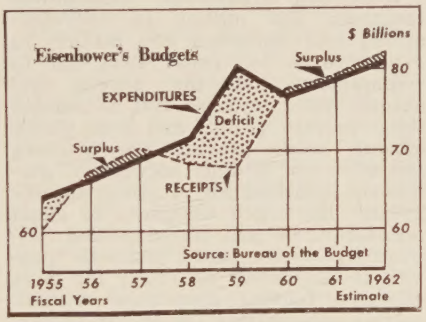
Mr. Eisenhower pointed out that his 1962 budget "programs more than 4 times as much for strategic missile systems as for manned bomber systems." He also pointed out that defense against ballistic missile attack accounted for "a substantial percentage of the capital investment in continental aid defense" planned for fiscal 1962.

Active armed forces strength for fiscal 1961 and 1962 was budgeted at 2,492,900—an increase of 4,000 above earlier plans. The revised plan called for an Army of 14 divisions and 870,000 men, a Navy of 817 active ships and 625,000 men, a Marine Corps of 3 divisions and 3 aircraft wings with 175,000 men and an Air Force of 84 combat wings and 822,900 men. The President proposed that the statutory minimum limit on Army National Guard strength be discontinued. He proposed that by June 30, 1962 paid Army National Guard strength be cut from the current 400,000 to 360,000 and that paid Army Reserve strength be reduced from 300,000 to 270,000.

Mr. Eisenhower requested money for "5 additional Polaris submarines, making a total of 19 . . . which will be fully funded." He asked for funds to procure "long leadtime components of 5 more." He revealed that "continued development of a much longer range version of the Polaris missile" was planned and reported that the first solid propellent Minuteman missiles were scheduled to become operational in 1962. He said all production of B-52 and B-58 manned bombers was to end in 1962 but that work on the B-70 was to continue in 1962. He requested money to enable "a substantial portion of the heavy bomber force . . . [to] mount a 24-hours-a-day, 365-days-a-year airborne alert, should that step ever become necessary . . . ."

The President again requested authority to build a 2-mile-long high-energy linear electron accelerator at Stanford University. [See Vol. XX, p. 196E1]

Foreign relations—Mr. Eisenhower asked for $3.102 billion worth of new obligational authority for fiscal 1962 international affairs and finance. This compared with $2.672 billion enacted for fiscal 1960 and $3.207 billion estimated for fiscal 1961.



Expenditures and receipts and surpluses or deficits of each of the 8 budgets prepared by the Eisenhower Administration are shown in the Wide World graph above.

New obligational authority for economic and financial aid in fiscal 1962 was budgeted at $2.628 billion, of which $2.2 billion was for mutual security. Recommended fiscal 1962 new obligational authority included $700 million for the Development Loan Fund, $650 million for defense support $298 million for special assistance, $203 million for technical cooperation, $110 million for the Inter-American Development Bank, $62 million for the International Development Association and $257 million for overseas commodity grants for such purposes as emergency relief and development abroad.

Other fiscal 1962 new obligational authority proposals included $140 million for the U.S. Information Agency and $48 million for the State Department's exchange-of-persons program.

International affairs expenditures proposed for fiscal 1962, as compared with the estimates for fiscal 1961 and the actual totals for fiscal 1960 (in millions):

	1960	1961	1962
Development Loan Fund	$202	$275	$425
Defense support	741	705	665
Special assistance	255	250	256
Technical cooperation	172	183	190
Other mutual security	114	112	119
Mutual security—contingencies	129	150	220
Inter-American Social & Economic Cooperation Program	.....	.....	50
Inter-American Development Bank	80	.....	110
Intl. Development Assn.	.....	74	62
Export-Import Bank	−323	−100	−4
Commodity grants	107	285	151
State Dept. administration of foreign affairs	215	210	228
Philippine claims	.....	.....	49
Tariff Commission and other	4	4	3
U.S. Information Agency	113	125	138
State Dept. exchange of persons	24	37	50

The President said economic aid to less-developed countries would "have to come from 4 major sources": (1) "An increasing share should be private capital. . . ." (2) "Increased investment may be expected through international organizations. . . ." (3) "A greatly increased share . . . must come from the bilateral programs of other industrialized nations. . . ." (4) "Common sense, goodwill and national interest require that the U.S. government continue substantial assistance. The needs of the less-developed countries cannot be met wholly by the efforts of private investors, international organizations or other industrial countries."

Mr. Eisenhower said "the Export-Import Bank plans to finance its operations without incurring net budget expenditures in 1962 by encouraging private lenders to participate in its loan programs, by using funds obtained from repayments and interest on prior loans and by selling notes from its large portfolio."

The President said the number of U.S. "diplomatic and consular posts in Africa is expected to increase from 36 in 1960 to 49 by the end of 1962."

Mr. Eisenhower urged Congress again to end the Connally Reservation restricting U.S. acceptance of World Court jurisdiction. [See Vol. XX, pp. 432C-D3, 296E2-E3]

Space—Mr. Eisenhower requested $1.11 billion in new obligational authority for civilian space exploration and flight technology in fiscal 1962. An additional $584 million was recommended for military space work. He budgeted fiscal 1962 expenditures for civilian space activities at $965 million, compared with $770 million estimated for fiscal 1961 and $401 million actually spent in fiscal 1960.

The President hinted at a possible lowering of goals in the program for manned space flight. "The reliability of complex booster, capsule, escape and life-support components of the Mercury system is now being tested to assure a safe manned ballistic flight into space, and hopefully a manned orbital flight, in . . . 1961," he said. But he added that "further testing and experimentation will be necessary to establish whether there are any valid scientific reasons for extending manned space flight beyond the Mercury pro-

PER CAPITA. Expenditures proposed in the fiscal 1962 budget came to $436.83 for every person in the U.S. This was a $3.79 increase over the per capita cost of estimated fiscal 1961 federal expenditures.

gram." [See Vol. XX, p. 455E2-D3]

Mr. Eisenhower disclosed that initial launchings of Project Mariner probes for explorations "in the vicinity of... Mars and Venus" were "scheduled for 1962."

The President agreed that it was "necessary and proper for the government to take the lead in . . . research and development of satellites for commercial communications use and to conduct the launchings." But he said "private industry should participate in the development phase and be aggressively encouraged to assume the costs of the establishment and operation of the commercial system." He predicted that "private concerns will provide $10 million in 1962 in support of the program." [See Vol. XX, pp. 381D3, 456C1-B2]

Aviation—Mr. Eisenhower proposed legislation authorizing "appropriations for continuing federal grants-in-aid for airport construction beyond 1961." But he urged that, "after a reasonable transition period, users and benefiting communities should assume full responsibility for the construction of airports." He pointed out that the $40 million appropriation he was budgeting for this purpose in 1962 represented a cut of $23 million below the currently authorized level.

The President said the dependence of local-service airlines on federal subsidies "should be reduced," that the CAB "should discontinue the least essential routes and stops . . . and should also develop other means of limiting federal support." He recommended that domestic trunk airlines, "now self-supporting," be made "ineligible for subsidies after a period of subsidy-free operations."

Shipping—Mr. Eisenhower reported that "the steadily rising cost of operating U.S. merchant ships is seriously hampering our efforts to achieve a healthy, competitive merchant marine industry. . . . [Federal] outlays for operating subsidies [in fiscal 1962] are expected to be $32 million more than in 1961." He said the government was trying to help the shipping industry through a new research and development program that had, as "a primary objective," the goal of making "available the new equipment to mechanize shipboard operations."

The President repeated his request that the "inflexible" 3½% interest rate on Maritime Administration ship mortgage loans "be replaced by authority to charge the government's full cost for such loans."

Housing—Mr. Eisenhower declared that "during the past decade, housing construction and improvement have gone forward at the highest level in history" and that "a solid base has been laid for greater progress in . . . the '60s." "In the future . . . the best results will be obtained by emphasizing leadership and financial participation by private industry and by local and state agencies," he said.

The President proposed no additional public housing authorizations in the 1962 budget. "By the close of the fiscal year 1962," he said, "an estimated 522,000 federally aided public housing units will be occupied, and construction will be under way on 49,000 more units. Another 49,000 units will be under contract for federal contributions, but construction will not yet have been started." Mr. Eisenhower requested $183 million in new obligational authority for fiscal 1962 public housing operations. He budgeted fiscal 1962 expenditures at $170 million, compared with an estimated $153 million for fiscal 1961 and an actual $134 million in fiscal 1960.

The President proposed that the program of direct Veterans Administration housing loans (a) be confined, beginning July 26, 1961, to Korean war veterans (and that World War II veterans, whose readjustment needs had "long since passed," be excluded), (b) be extended from the current July 25, 1962 termination date through Feb. 1, 1965.

Mr. Eisenhower urged Congress to increase or remove the interest ceilings of 5¼% on VA-guaranteed housing loans and on insured rental housing mortgages and of 4½% on family housing for armed services members.

Urban redevelopment — Mr. Eisenhower reported that by June 30, 1961, about 68 urban renewal projects in 50 cities "will be completed, another 577 . . . under way, and planning for 310 more . . . in process. These 955 projects will ultimately have required a total of almost $2 billion in federal grants to pay ⅔ of the net cost." He said "the local share in project costs should be increased from ½ to ⅓." He recommended $310 million in new obligational authority for the Urban Renewal Administration in fiscal 1962 and budgeted expenditures at $208 million, compared with $159 million estimated for fiscal 1961 and $108 million actually spent in fiscal 1960.

The President proposed that the statutory limits on appropriations for urban planning grants be removed and that the appropriations be increased from the $4 million of fiscal 1961 to $10 million in fiscal 1962.

Depressed areas—Mr. Eisenhower requested $83 million in appropriations and budgeted $10 million in expenditures for fiscal 1962 aid to communities suffering severe and chronic unemployment. But he insisted that "private groups and local public officials must provide the primary initiative in finding successful permanent solutions for . . . their specific areas." He urged Congress to enact legislation he had recommended "repeatedly" in the past 5 years to "provide the authority necessary for more effective federal assistance without merely substituting temporary federal aid for indespensible local leadership." [See p. 6A-F3]

Agriculture—Mr. Eisenhower charged that the continued high expenditures budgeted for farm programs were due to Congress' failure to enact his proposals for making the price-support laws "conform to the increased efficiency and growing productive capacity of the agricultural industry." He reiterated his past arguments in support of his proposals to reduce farm subsidies and lessen federal control of agricultural production.

The President budgeted $4.605 billion in new obligational authority for fiscal 1962 agricultural and agricultural resources programs. This compared with $4.696 billion estimated for fiscal 1961 and $5.151 billion enacted for fiscal 1960. The 1962 total included $936 million for CCC price support, supply and purchase programs. 1962 expenditures budgeted for this purpose totaled $1.537 billion, compared with $1.423 billion estimated for fiscal 1961 and $1.48 billion spent in fiscal 1960. Fiscal 1962 new obligational authority for all farm price support and income stabilization programs was budgeted at $3.017 billion. The year's expenditures for this purpose were set at $3.396 billion, compared with an estimated $3.264 billion for fiscal 1961 and an actual $3.278 billion in fiscal 1960.

Rural electrification and telephone expenditures were budgeted at $340 million in fiscal 1962, $328 million in fiscal 1961 and $330 million in fiscal 1960. Mr. Eisenhower reported that about 97% of U.S. farms had central-station electric service, compared with 11% in 1935. He proposed the creation of a federally chartered institution to provide non-federal financing for future rural electrification and telephones.

Natural resources—Mr. Eisenhower requested $2.012 billion for natural resources development in fiscal 1962, compared with $2.049 billion estimated for fiscal 1961 and $2.533 billion enacted for fiscal 1960. He recommended authorization of the Fryingpan-Arkansas project in Colorado. He proposed that the President be given authority to establish water resources planning commissions as needed in various regions. He again asked Congress to require that non-federal interests bear at least 30% of the cost of local flood protection projects.

Education—Mr. Eisenhower repeated his previous proposals for programs of federal aid that would help build: (a) public primary and secondary school classrooms by providing a federal commitment to pay half the debt service (principal and interest) on school bonds and (b) college classrooms and supporting facilities by providing federal guarantees of bonds and federal grants. [See Vol. XX, pp. 389G1-A2, 330C-E2, 229C-D2]

Science—Mr. Eisenhower budgeted $272 million in new obligational authority for the promotion of science, research, libraries and museums in fiscal 1962. He budgeted expenditures of $251 million for these purposes, compared with $203 million estimated for fiscal 1961 and $211 million spent in fiscal 1960.

Labor—Mr. Eisenhower urged the extension of unemployment insurance coverage to 3 million additional workers, most of whom worked in small firms with fewer than 4 employes. He also recommended that the states increase the amount and duration of benefits. He again urged legislation "to assure equal pay for equal work."

Health — Mr. Eisenhower recommended that the 1960 program of federal-state medical care for the aged be broadened to provide "protection against catastrophic hospital and medical expenses" for aged persons ineligible for the 1960 program because "under ordinary circumstances they are able to pay their normal medical bills." [See Vol. XX, pp. 389D3, 379G3]

The President requested $1.1 billion for expenditures for the promotion of public health in fiscal 1962. He estimated that "total federal expenditures for all health programs . . . (including military and veterans hospitals) are about $4 billion." The health promotion figure included $516 million for the National Institutes of Health for research on cancer, heart disease, arthritis, mental illness and similar important health problems. The President urged Congress "to authorize $100 million of matching grants over a 5-year period to stimulate construction of additional medical and dental school facilities."

Social security — Mr. Eisenhower urged the extension of social security coverage to "federal civilian employes and self-employed physicians, the largest groups of regularly employed persons in our economy not now covered.

. . ." He said 90% of American workers and their families were covered. He estimated that in fiscal 1962 the system would pay $12.9 billion in benefits to 16½ million people of all ages, including 12 million aged 65 or more.

Other proposals—Pres. Eisenhower (a) called again for home rule for the District of Columbia, (b) proposed that the Virgin Islands and Guam be authorized nonvoting territorial deputies in Congress, (c) recommended amending the Employment Act of 1946 "to make reasonable price stability an explicit goal of federal economic policy," (d) urged that the immigration laws be liberalized, the quota system brought up to date and the quota doubled, (e) proposed a 2-year extension of the life of the Civil Rights Commission, establishment of a Commission on Equal Job Opportunity and legislation to help state and local agencies meet the costs of special professional services needed to desegregate schools, (f) urged legislation putting "major business-type activities of the government . . . on a revolving fund basis, through which receipts can be used to meet obligations and expenditures, subject to annual review and control by the Congress," (g) again proposed giving the President the authority to veto items of appropriation measures without having to veto the entire bill.

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Congressional Reaction. In Congress, Democrats criticized the budget and Republicans praised it, but both sides appeared to agree that it would receive little serious legislative consideration. Senate Democratic leader Mike Mansfield (Mont.) said Jan. 16 that "now we'll wait and see what the real budget looks like when it is presented" by Pres.-elect Kennedy. Senate GOP leader Everett M. Dirksen (Ill.), lauding the budget as a guide for the Kennedy Administration, called it "the greatest legacy Pres. Eisenhower could leave" to the President-elect. Chrmn. Clarence Cannon (D., Mo.) of the House Appropriations Committee charged that the budget "violates every rule of prudence to hedge against deficits and to provide for unforeseen national emergencies." He said the Eisenhower Administration had piled up "the largest and most unmanageable debt any nation has ever known while receiving the largest revenues ever received. . . ."

Other Presidential News

Farewell Address. Pres. Eisenhower delivered a "leave-taking and farewell" to his "countrymen" in a TV-radio address from the White House Jan. 17.

The President said that "throughout America's adventure in free government, our basic purposes" had been "to keep the peace, to foster progress in human achievement, and to enhance liberty, dignity and integrity among peoples and among nations." But he warned that "progress toward these noble goals" faced "a hostile ideology —global in scope, atheistic in character, ruthless in purpose and insidious in method."

He said he left his responsibilities in the field of disarmament "with a definite sense of disappointment." "I wish I could say . . . that a lasting peace . . . [were] in sight. . . . I can say that war . . . [had] been avoided."

The President said that the "conjunction of an immense military establishment and a large arms industry" was "new in the American experience" and that "we must not fail to comprehend its grave implications." "We must guard against the acquisition of unwarranted influence . . . by the military-industrial complex," he warned, because "the potential for the disastrous rise of misplaced power" existed there.

Other threats he warned against were "the prospect of domination of the nation's scholars by federal employment" and "the equal and opposite danger that public policy could itself become the captive of a scientific-technological elite."

Mr. Eisenhower stressed "the need to maintain balance in and among national programs—balance between the private and the public economy . . . balance between the clearly necessary and the comfortably desirable." He warned against the "temptation to feel that some spectacular and costly action could become the miraculous solution to all current difficulties."

He ended his address with a prayer that "all peoples will come to live together in a peace guaranteed by the binding force of mutual respect and love" and "have their great human needs satisfied. . . ." [See Vol. XIII, p. 12A-F2]

Overseas Gold Hoarding Banned. Pres. Eisenhower Jan. 14 ordered all U.S. citizens and businesses to stop buying or holding gold overseas. He did so in a further move to counter the outflow of gold from the U.S. The order said that overseas purchasing of gold by Americans was to stop as of Jan. 16 and that gold already held overseas was to be disposed of by June 1. Estimates of the amount of gold held abroad by Americans ranged between $100 million and $1 billion. [See Vol. XX, p. 419E1-G2]

Columbia River Pact. A Columbia River water power and storage agreement was signed in Washington Jan. 17 by Pres. Eisenhower and Canadian Prime Min. John G. Diefenbaker.

Under the pact, to run for 60 years, the U.S. was to build Libby Dam (authorized by Congress in 1950) in northern Montana within 5 years after Senate ratification of the pact. Protection against Canadian diversion of the Columbia River was guaranteed. Canada was to build dams in Canadian territory at Arrow Lake, Mica Creek and Duncan Lake.

U. S. development costs were estimated at $756 million, including $322 million for Libby Dam. The estimated Canadian development costs were $402 million. [See Vol. XX, p. 367D-F1]

Propaganda Report. "The scale of the total U.S. information effort [overseas] will have to be progressively expanded," a special Committee on Information Activities Abroad asserted in a report to Pres. Eisenhower. The President, releasing the report Jan. 11, said he was "in full and instant accord" with "a great many" of its recommendations.

The committee was headed by ex-Asst. Defense Secy. Mansfield D. Sprague, who said 60% of the full report, or its "guts," dealing with "sensitive . . . areas abroad," had remained classified.

The released version said the U.S. needed "some revolutionary scientific breakthrough" to regain its former technological prestige from the Soviet Union. It criticized the USIA and said its programs had suffered from "great year-to-year variations in its appropriations." It recommended the establishment of a National Security Institute for training in psychological war, urged better explanation abroad of the U.S.' military and foreign aid programs and advocated expansion of the overseas education and exchange of persons programs. [See Vol. XX, p. 377F2-B3]

Herter Resigns. State Secy. Christian A. Herter resigned Jan. 12, effective Jan. 20. He said in his resignation letter that the world was "in a highly disturbed and dangerous situation" because "the Communists . . . [had] yet to show serious interest in a responsible approach to disarmament." [See Vol. XX, p. 475B-D2]

Other Resignations. Pres. Eisenhower accepted Treasury Secy. Robert B. Anderson's resignation Jan. 15. Anderson, in a final report to the President, said "the decrease in the value of the dollar during the past 8 years . . . [had] been about 5½c, rather than the 48c loss in the preceding 14 years." [See Vol. XX, p. 118F2]

Health-Education-Welfare Secy. Arthur S. Flemming's resignation was accepted Jan. 14. Flemming's final report said federal aid to medical research had increased 7-fold since 1954 and that programs to aid construction of medical facilities and to supply skilled personnel had been expanded.

Atty. Gen. William P. Rogers' resignation was accepted by Pres. Eisenhower Jan. 13. (Rogers disclosed Jan. 17 that he planned to join the Royall, Koegel & Rogers (N.Y. & Washington) law firm.

Among other resignations accepted by the President:

Jan. 10—Deputy Defense Secy. James H. Douglas, Special Presidential Special Asst. (foreign economic policy) Clarence B. Randall. Jan. 11—Interior Dept. solicitor Theodore F. Stevens. Jan. 13—Special Presidential Asst. (national security affairs) Gordon Gray; Navy Secy. William B. Franke; FHA Administrator Norman P. Mason; Agriculture Undersecy. True D. Morse; Asst. Defense Secy. John N. Irwin 2d; Treasury Undersecy. Julian B. Baird; Asst. Atty. Gen. Robert Kramer. Jan. 14—HEW Asst. Secy. Edward Foss Wilson, Special Presidential Asst. (security operations coordination) Karl G. Harr Jr., Asst. Atty. Gen. Perry W. Morton. Jan. 16—Export-Import Bank Pres. Samuel C. Waugh.

Envoy Received. Pres. Eisenhower Jan. 17 accepted the credentials of Ivory Coast Amb. Konan Bédié. [See Vol. XX, p. 358G1]

The President-Elect

Economic Program. Pres.-elect Kennedy's special task force on the U.S. economy urged the adoption for fiscal 1962 of a "minimal" $3-$5 billion program by means of which "the contraction in business can be brought to a halt within 1961 and converted into an upturn."

The report, prepared by Dr. Paul A. Samuelson, MIT economics professor, and released by Mr. Kennedy in New York Jan. 5, also suggested an immediate, temporary 3%-4% cut in personal income tax rates as a 2d line of defense in case "this 4th recession" turned out to be "more serious" than the 1957-58 recession. Asserting that "the annual budget should be a 'living document,'" the report urged that Congress give the President the "right to continue" such tax reduction until the end of 1962 (subject to Congressional veto).

"The vital fact," according to the report, was that the current recession had "been superimposed upon an economy which . . . [had been] sluggish and tired." "Prudent policy now" required, it said, "that we also combat

the basic sluggishness which underlies the more dramatic recession."

"The fairest and most effective step the federal government can take to help fight the recession would be to expand unemployment compensation benefits," the report said. It proposed that the jobless benefits in all states be extended to "at least 39 weeks" and, "for the long pull," extended to "cover employes in all firms" and be "at least ½ of the employe's earnings."

Other programs that the report said should "be pushed hard": (a) Education—school construction. teachers' salaries, college dormitories; (b) urban renewal—slum clearance, improvement of transportation facilities; (c) health and welfare —medical care for the aged, hospital construction, medical research; (d) public works—water resources, highways, military construction and construction of post offices & public buildings; (e) depressed area aid; (f) conservation of natural resources, development of recreation facilities.

The report was cautious on inflation, gold reserves and programs for defense and foreign aid. The report said: "A massive program of hastily devised public works" was "definitely . . . not called for in the present situation"; "defense expenditures ought to be determined on their own merits" and should not be "the football of economic stabilization"; foreign aid should "be determined by the need for development abroad" and should be "skillfully tailored to take account of the international payment position."

The report distinguished sharply between fiscal (tax and expenditure) policies and monetary or credit policies. It advocated "a more vigorous use of fiscal policy because of the international constraint" of the U.S.' deficit in its balance of international payments. Thus it opposed a "reduction of the short-term interest rate on government bills" or any easing of short-term interest rates, which could attract foreign investment and increase the gold outflow. "The Treasury, too," it warned, "must consider the wisdom of relying primarily on short-term issues in the period just ahead."

The report also distinguished between "deficits that come automatically from recession" and deficits that were "necessarily part of a determined effort to restore the economic system to health." It said: Deficits of the latter type were "signs that our automatic built-in stabilizers" were working; "the goal of high employment and effective real growth cannot be abandoned because of the problematical fear that reattaining of prosperity . . . may bring with it some difficulties"; one of these difficulties could be a "reopening of the cost-push problem"; policies of economic stagnation based on the fear of inflation could prevent the improvement of the industrial production "so desperately needed . . . to remain competitive in the international markets."

The report's "final caution" was that "new approaches to the problem of productivity, wages and price formation" were needed because they were problems that could not be fought with fiscal and monetary policies alone. "A mixed economy like ours . . . [tended] to generate an upward creep of prices before it" arrived at high employment, the report said. It might be necessary, it warned, "in the 1960s to meet head-on the problem of a price creep." [See p. 6A-F3; Vol. XX, 477E1, 428F3, 419E1-G2]

Housing Plan. The creation of a cabinet-level Department of Housing & Urban Development was recommended to Pres.-elect Kennedy Jan. 8 by his special task force on housing.

The task force, headed by Joseph McMurray, N.Y. Community College president and ex-N.Y. State Housing commissioner, also proposed: (a) the establishment of a new subsidized housing program for low-income families; (b) more funds for the direct loan program to nonprofit corporations for housing for the elderly (to be financed as a public debt rather than as an appropriation); (c) a $500 million annual loan program for college housing; (d) a 4-year extension of the farm housing program to provide $450 million more in direct loans to "adequate" farms, an additional $10 million for "potentially adequate" farms, and $50 million in loans and grants to improve farm sanitation and encourage family-size farms.

The task force's urban renewal proposals: (1) grants totaling $650 million more annually for 4 years for urban planning and for relief for displaced small businesses; (2) loans to help communities acquire and improve land tracts; (3) grants totaling $750 million over a 4-year period for communities to better their facilities; (4) loans totaling $100 million for improved mass transit facilities.

The task force recommended that commissions be established to study (a) standardization of mortgage and foreclosure procedures and standardization of local codes, (b) residential mortgage credit, (c) future mass transit needs. It advocated the establishment of a new FHA insurance program for site development. [See Vol. XX, pp. 429C3-430A1, 337B2]

Politics

Goldwater's Views. Sen. Barry M. Goldwater (Ariz.), leader of the Republican Party's conservative wing, conceded in an interview published in the N.Y. Herald Tribune Jan. 5 that GOP 1964 Presidential planning revolved around "Nelson Rockefeller, Dick Nixon and myself." But he proposed a moratorium on maneuvering for the 1964 nomination so that Republicans could concentrate on winning the 1962 Congressional elections. "If we don't win in 1962, we can't win in 1964," he held. Goldwater explained that he thought the GOP would "win" if it substantially increased its Congressional strength even without controlling Congress.

In a speech read for Goldwater at the National Retail Merchants Association convention in New York Jan. 10, Goldwater proposed 6 new laws to regulate unions. He called for: (1) A ban on union practices excluding qualified workers from membership, which was equivalent to excluding them from jobs; (2) a ban on the use of union funds for political purposes; (3) protections against strike violence; (4) such "strengthen[ing]" amendments to the Landrum-Griffin Act as provisions ending the requirement that complaining union members must sue their unions in court (Goldwater's alternative—a government agency that would file such suits); (5) requirements that all parties to a strike receive 30 days' advance notice and that before or during a strike 30% of the striking union's members be permitted to petition the NLRB for a secret vote on starting or continuing the strike; (6) federal employe grievance machinery that would not have authority to determine wages, working conditions or "benefits reserved for Congressional consideration."

The Wall St. Journal reported Jan. 11 that Goldwater & his backers were circulating privately a "manifesto" of "progressive conservatism" designed as a new GOP platform. [See Vol. XX, pp. 469C-D3, 450A1, 399C-E2, A-B3]

DIGEST OF GOLDWATER 'MANIFESTO'

Pressure groups—"During the past quarter of a century, America has become a society of competing pressure groups. The feeling has become almost universal that the individual—by himself and unorganized—is virtually helpless to achieve . . . individual goals—economic well-being generally, a rising standard of living, improved education, cultural development, and dignified human treatment. . . .

"Energetic, but often self-seeking servitors of these individual wants have . . . formed, or immeasurably strengthened, powerful organizations geared to achieve material gains for the individual which he finds it increasingly difficult to bring about by himself. Hence, the flourishing of such organizations as labor unions, farm organizations, racial groups, civil liberties groups, consumer groups, nationality groups, cooperatives, educational associations. . . .

"To the degree that such organizations successfully render desired services to their members, but remain within a limited and circumscribed sphere of activity, they can be viewed as legitimate instruments of the individual. . . .

"But . . . these pressure group organizations often serve to aggrandize their own leaders, . . . sometimes at the expense of the membership. And, what is more important, all of these pressure group organizations . . . serve only a part of the individual's needs. In an ominous development, however, many of these organizations increasingly act as though they were empowered to serve the total man, the individual member in all his manifold aspects.

"Thus . . . the labor unions would now speak and act for the individual union member, not merely in his capacity as an employe facing management, but in his capacity as a citizen. Thus, in the name of its members . . . the union leadership takes official positions on issues ranging from the minimum wage to UN action in the Congo, and endorses and supports, with money contributed from the hard-earned wages of their members, favored political candidates for public office. . . .

"Americans largely fall into one of 4 categories with respect to pressure group organizations: (1) They may be truly voluntary members agreeing with all or most of the policies enunciated by their leaders; or (2) they may be pressured or forced by economic necessity into joining the pressure organizations, agreeing only partially or not at all with the official policies; or (3) they may successfully resist joining such organizations; or (4) finally, as members of the most numerous ethnic or religious groupings of the nation, they may consider it unnecessary and even humiliating to organize themselves. . . .

". . . There are literally scores of millions of Americans who are either outside the organized pressure groups or find themselves represented by organizations with whose policies they disagree. . . . These millions are the silent Americans who, thus isolated, cannot find voice against the mammoth organizations which mercilessly pressure their own membership, the Congress, and society as a whole, for objectives which these silent ones do not want. They thereby have become 'the Forgotten Americans' despite the fact that they constitute the majority of our people. . . .

"The Republican Party in this era in which so many pressure groups are seeking to dominate the total man is the vehicle and the voice for that dragooned and ignored individual, 'the Forgotten American.'

"Inasmuch as the federal government has, . . . often at the cost of weakening state and local government as well as private and community life, contributed substantially . . . to the expansion and strength of private organizational power, the Republican Party believes that the federal government must begin to consider and adopt measures designed to halt this dehumanizing trend. . . . We therefore set forth the following principles and proposals as a fundamental guide . . . [for federal action]:

Inflation—"During the past 8 years of the Republican Administration, the nation has enjoyed unparallelled economic prosperity. . . . During those same years, the private savings, insurance holdings, and pension funds of our citizens have grown to enormous proportions never before attained. . . .

"These accumulations of private savings, insurance, and pension funds are a tribute to the strength and persistence of the traditional American ideal that the basic responsibility for safeguarding himself and his family against the hazards of old age, sickness and economic disaster, and for providing his children with the opportunity for education and for acquiring higher economic skills, rests primarily with the individual. Thus, the protection of these private savings, insurance and pension funds presently constitutes the most important domestic problem facing our federal government.

"The Democratic Party platform is an ominous threat to the financial security of the American people, the overwhelming majority of whom now possess substantial savings, insurance and pension rights. It threatens not only those who live on fixed income in the present, but the future of every family which . . . has sought to make provision for the future. The reckless and spendthrift promises of the Democratic platform could be carried out only by . . . a program of federal spending so tremendous as to require either an enormous increase in taxation or a policy of deficit spending leading to uncontrolled inflation. . . .

"The Presidential election of Nov. 8, 1960 clearly indicates that a majority of the voters rejected the rash and reckless proposals of the Democratic platform. The Republican Party therefore . . . pledges itself to resist with all its

P.18-20 out-of-sequen

ident in the U.S. from going to Cuba unless they received U.S. Immigration & Naturalization Service permission. Permission to go to Cuba would be granted, the State Department said, only to persons "whose travels may be regarded as being in the best interest of the [U.S.]," such as newsmen and businessmen. The department said it had ordered the travel curb because it was unable "to extend normal protective service" to Americans visiting Cuba. [See p. 1A1; Vol. XX, 482A3]

Drive Vs. Rebels. An army-militia force of 10,000-15,000 was reported Jan. 15 to have started a drive against 600-2,000 rebels in the Escambray Mountains of Las Villas Province. The government force, led by Maj. Dermonio Escalona, military chief of Pinar del Rio Province, reportedly was evacuating civilians from the area. [See p. 2B2; Vol. XX, 361B3]

Dr. Luis Aguilar, speaking on behalf of the anti-Castro Movement for the Recovery of the Revolution, said in Miami, Fla. Jan. 14 that the Cuban rebels were hampered by a shortage of arms, not of men.

Miami's Spanish-language newspaper El Mundo Jan. 13 published photographs purportedly showing the landing of arms in Cuba by supporters of Aureliano Sanchez Arango, leader of the anti-Castro United Front of National Liberation.

The N.Y. Times Jan. 13 reported 15,000 persons were political prisoners in Cuba. It said 6,000 "counter-revolutionary suspects" were held on the Isle of Pines and 2,000 in a concentration camp in the Sierra Maestra. [See Vol. XX, p. 450E2]

Executions, Sentences. 3 Cubans were executed by a firing squad in Havana's La Cabana fortress Jan. 17 after being convicted by a military court of counter-revolutionary activity. Those executed were Julio Yebra Suarez, Juan Manuel Mesa Lopez and Balbino Diaz Balboa. Yebra was charged with heading a spy ring for the "Yankee government." Diaz was found guilty of participating in a July 9, 1960 attempt to kill government radio commentator José Pardo Llado. 4 other persons convicted of terrorism received prison terms ranging from 6 to 30 years. [See Vol. XX, pp. 450B2, 352D1]

A La Cabana military court Jan. 14 sentenced Robert John Gentile, an American, to 30 years in prison after convicting him on charges of plotting against the government. The government press said Gentile and 11 Cuban defendants were members of a "counter-revolutionary organization known as the '28th of January Patriotic Council of Liberation' " that had planned to kidnap Pres. Dorticos and assassinate "prominent government figures." The La Cabana court Jan. 14 sentenced 32 Cubans convicted of "counter-revolutionary activities" to prison terms ranging from 9 to 30 years. [See Vol. XX, p. 361G2-A3]

Aides in U.S. Defect. 4 officials of Cuban consulates in the U.S. had resigned from their posts and asked for asylum in the U.S., the U.S. Immigration and Naturalization Service disclosed Jan. 9. Identification of the Cuban aides was withheld for fear of reprisals against their families in Cuba. [See Vol. XX, p. 450G2]

Communist Aid Plan. Cuban National Bank Pres. Ernesto Guevara said in a radio-TV address Jan. 6 that Communist nations would assist Cuba in a 5-year "development plan" in solving economic problems resulting from the U.S. decision to halt the import of Cuban sugar. He said the Communist aid was contained in multilateral agreements signed with Communist bloc officials during his 1960 Iron Curtain tour. The agreements would enable Cuba to purchase goods from any European Communist nation, including the USSR, with the receipts from the 4 million tons of sugar it planned to sell those countries and Communist China in 1961.

Guevara said the plan also would: (1) permit Cuba to send 2,400 persons to Communist nations for technical training; (2) supply Cuba with Polish equipment for a shipyard, for producing shoes and batteries and for 2 slaughter houses; (3) supply Cuba with Chinese Communist equipment for building 24 factories, including plants to manufacture automobile parts, gasoline pumps and paper; (4) extend to Cuba a Czechoslovak credit of 40 million pesos for a motor vehicle and motor plant.

Guevara said the USSR had promised to get the formerly U.S.-owned Nicaro and Moa Bay nickel plants back into production soon. [See Vol. XX, p. 471D2]

A Bulgarian-Cuban trade agreement signed in Sofia Jan. 12 provided for Bulgaria to give Cuba a $5 million long-term credit and technical aid in building industrial plants by 1965.

Haiti

Officials Excommunicated. The Vatican's Consistorial Congregation in Rome Jan. 12 excommunicated all Roman Catholic Haitian government officials connected with the expulsion from Haiti of Archbishop François Poirier Nov. 24, 1960 and of Bishop Rémy Augustin Jan. 10.

Foreign Affairs Min. Joseph Baguidy Jan. 17 blamed Haiti's political troubles on "some Breton French priests," whom he accused of meddling in politics. Baguidy, a Catholic, said he did not consider himself excommunicated despite the fact that he had signed the expulsion orders. [See p. 8D2]

Emergency Curbs Lifted. The government Jan. 14 ended martial law it had imposed Nov. 22, 1960 to counter a student strike. The government also lifted a 10:30 p.m. curfew it had instituted Jan. 9. A May 1958 state of siege, suspending some constitutional rights, remained in effect. [See Vols. XX, p. 416A1; XVIII, p. 176B1]

The U. of Haiti in Port-au-Prince reopened Jan. 16 under direct government control. A majority of the school's 1,000 students boycotted classes in a continuing protest against government policies. Most students also were absent from Port-au-Prince's Roman Catholic high schools and public high and elementary schools. The city's university and schools had been ordered closed by the government Nov. 23, 1960 after striking university students ignored a government plea to return. [See Vol. XX, p. 424E2]

Peru

Security Law. The Peruvian Chamber of Deputies Jan. 6 approved a bill to impose jail terms on persons who attempted "violence against the republic's organizations." The deputies approved the measure after rejecting a bill, approved by the Senate Jan. 5, that had called for outlawing the Communist Party and similar groups suspected of subversive activities. In Senate debate Jan. 4-5, government officials quoted an exiled Cuban official in Miami, Francisco Ramos Montejo, as saying that a pro-Castro plot was being engineered in Peru to assassinate Pres. Manuel Prado y Ugarteche, Premier Pedro G. Beltran and other government leaders. Montejo was quoted as saying that arms were being shipped secretly into Peru from Bolivia and Ecuador.

Lima police Jan. 5 arrested CP leaders, including CP Secy.-Gen. Victor Raul Acosta Salas, on charges of crimes against the state. [See Vol. XX, p. 482E2]

Uruguay

Cuban, Soviet Aides Ousted. The Uruguayan government Jan. 12 declared Cuban Amb. Mario Garcia Inchaustegui and Mikhail K. Samilov, first secretary in the Soviet embassy in Montevideo, persona non grata and ordered them expelled from the country within 48 hours. They were accused of participating in subversive activities in connection with pro-Castro demonstrations and street fights in Montevideo.

Leftist pro-Castro forces attacked an anti-Castro demonstration in the city Jan. 10. An anti-Castro partisan was killed, and more than 50 rioters were arrested following clashes with police.

Police raided Communist party headquarters in Montevideo Jan. 11 and arrested 139 persons there in a search for the slayer of the anti-Castro demonstrator.

— MISCELLANEOUS —

14 Die After Injections. The N.J. Health Department disclosed Jan. 5 that 14 persons in the Camden area had died of a liver ailment believed to have been serum hepatitis and that 30 others had become ill after receiving sedative inoculations from Dr. Albert Weiner, 43, an osteopath specializing in psychotherapy. The deaths occured in Oct.-Nov. 1960. Weiner's license was suspended Dec. 21.

Finnish Air Crash. A Finnair DC-3 airliner, en from Kokkola to Helsinki, crashed at Vassa, Finland Jan. 3. All 22 passengers and 3 crewmen were killed. [See Vol. XX, p. 396G3]

San Francisco Hotel Fire. 19 persons died in a fire in San Francisco's 5-story Thomas Hotel Jan. 6. A 20th person died of injuries Jan. 7. [See Vol. XX, p. 425C3]

Bollingen Prize. Stanford University Professor Yvor Winters was awarded the Yale University Library's 1960 Bollingen Prize ($2,500) for poetry for his "Collected Poems," it was announced Jan. 8. [See Vol. XVII, p. 33G3]

Fine Indicted. Ex-Pa. Gov. John S. Fine, 67, was indicted by a U.S. grand jury in Scranton, Pa. Jan. 10 on charges of evading payment of $45,556 in income taxes in 1955-58. [See Vol. XII, p. 237G2]

Justice Min. Pinhas Rosen, Commerce Min. Pinhas Sapir and others) to ask them to end the Lavon controversy. [See Vol. XX, p. 479C2]

(Ex-Israeli Amb.-to-Austria Yehezkel Sahar was convicted, fined $8,000 and given a suspended 9-month prison term Jan. 15 for perjury committed while testifying on behalf of Amos Ben-Gurion, the premier's son, in a 1957 libel suit.)

A fiscal 1961 Israeli budget introduced in the Knesset (Parliament) Jan. 3 by Finance Min. Levi Eshkol proposed state expenditures totaling $3,364,200,000, 10½% more than in the current year. Eshkol reported that Israeli agricultural production had increased by 4% and industrial output by 14% during 1960. [See Vol. XX, p. 91C1]

Soviet Union

Currency Changed. Soviet citizens began exchanging old rubles for new ones Jan. 2 at a rate of 10 to one. They were given 3 months to exchange their savings and cash for the new currency, valued at $1.11 per ruble. Prices of all Soviet goods were revalued to 10% of their former levels Jan. 2 to match the ruble's new valuation.

New ruble exchange rates for other Soviet-bloc currencies were reported Jan. 2 by the Soviet government newspaper Izvestia. The new rates, applied to all Communist countries except Red China, North Korea and North Vietnam, generally altered the values of East European currencies with respect to the ruble and each other. [See Vol. XX, p. 423G1]

New Soviet Bloc Exchange Rates

Currency	Old Rubles	New Rubles
Albania, 100 lek	8.00	1.00
Bulgaria, 100 leva	58.82	11.24
Czechoslovakia, 100 koruna (crowns)	55.56	8.62
East Germany, 100 ostmarks	180.00	25.80
Mongolia, 100 tugrik	100.00	22.00
Poland, 100 zlotys	100.00	6.67
Rumania, 100 lei	66.67	10.31

The transfer to other work of Kazakh SSR Premier Zhumabek A. Tashenev was disclosed Jan. 7 by the newspaper Kazakhstanskaya Pravda and reported from Moscow Jan. 9. The election of Isagaly Sharipov to succeed the late Fazyl K. Karibzhanov as Kazakhstan president had been reported Jan. 3 by Tass. [See Vol. XX, p. 481F1]

Turkey

Constituent Assembly Meets. A new 271-member House of Representatives met in Ankara Jan. 6 for its first session as the lower house of a Turkish Constituent Assembly.

The deputies, appointed largely by Turkey's provisional military regime and by ex-Pres. Ismet Inonu's Republican People's Party, were sworn in to begin work on constitutional legislation aimed at the restoration of an elected government in Turkey "in the shortest possible time." Working sessions of both houses of the Constituent Assembly—the House of Representatives and a Senate composed of the National Unity Committee, the ruling military junta—began in Ankara Jan. 9. The Assembly was to complete its work and be replaced by an elected Parliament by Oct. 29. [See Vol. XX, p. 461D3]

New Cabinet. Turkey's military cabinet resigned Jan. 4 to enable Gen. Cemal Gursel, chief of state and head of the National Unity Committee, to form a new government to work with the Constituent Assembly. Gursel Jan. 5 named a new cabinet in which Selim Sarper remained foreign minister.

The Jan. 5 Turkish cabinet: Head of Government—Gen. Cemal Gursel; Foreign Min.—Selim Sarper; Justice—Ekrem Tuzemen; Defense—Gen. Muzaffer Alankus; Interior—Gen. Muharrem Ihsan Kiziloglu; Finance—Kemal Kurdas; Education—Turhan Fevzioglu; Public Works—Mukbil Gokdogan; Commerce—Mehmet Baydur; Health & Social Welfare—Ragip Uner; Monopolies & Customs—Fethi Askin; Agriculture—Osman Tosun; Communications—Arhan Mersinli; Labor—Ahmet Tahtakilic; Industry—Sahap Kocatopcu; Reconstruction—Fehmi Yavuz; Information & Tourism—Cihat Baban; State Mins.—Hayri Mumcuoglu, Nasir Zeytinoglu.

The ban on Turkish political parties, effective since the May 1960 overthrow of the regime of ex-Premier Adnan Menderes, was lifted Jan. 13 by the Interior Ministry. The formation of new political parties and groups would be permitted subject to government registration.

U.S. Aid. A $129,600,000 loan was extended to Turkey's Eregli Steel Co. Jan. 9 by the U.S. Development Loan Fund for construction of a $250 million steel mill in Eregli, on the Black Sea. Turkey was to contribute $66 million toward the cost of the mill, to be privately built and operated by a Turkish-American consortium. The Eregli plant was to have an initial ingot capacity of 470,000 tons and an ultimate output of 1,000,000 tons yearly. [See Vol. XX, p. 481A3]

West Germany

Nazism. The N.Y. Times reported Jan. 7 that Chancellor Konrad Adenauer and Hans Globke, his chief political aide, had filed libel suits against the newspaper Hamburger Echo and magazine Der Spiegel for allegations that Globke, a former Nazi Interior Ministry official, had prevented the escape of 10,000 Greek Jews during World War II. [See Vol. XX, p. 18E2]

West Berlin police announced Jan. 6 the arrests of Oswald Schaefer, 52, and Wilhelm Wiebens, 54, described as commanders of a Nazi extermination unit.

The Hamburg Health Department ruled Jan. 12 that 6 doctors who had participated in the eugenic murders of 56 children in 1941-43 could continue to practice medicine.

Ex-SS Brig. Gen. Erich Ehrlinger, 50, went on trial in Karlsruhe Jan. 11 on charges of directing the murders of 2,000 Lithuanian and Ukrainian Jews in 1941-43.

Francis Reimeringer, 50, Alsatian-born Gestapo officer, was sentenced to death by a Paris military tribunal Jan. 11 for the arrest and execution of 40 Jews and resistance members in France during World War II.

Yugoslavia

The U.S. Development Loan Fund announced Jan. 3 the granting of loans totaling $27,700,000 for industrial projects in Kosovo and Sisak, near Zagreb. [See Vol. XX, p. 481G3]

All Yugoslav government employes and office workers were granted 10% pay increases, effective Jan. 1.

— LATIN AMERICA —

Argentina

Steel Project Change. The Chamber of Deputies voted Jan. 12 to increase private stock subscriptions in a government-sponsored steel mill under construction in San Nicolas state. The proposal, which would eventually transfer the steel plant to private ownership and management, was backed by Pres. Arturo Frondizi's Radical Intransigent Party and conservatives. The People's Radical Party and 11 dissident Radical Intransigent deputies fought the measure in the chamber. They described it in debate as "a sell-out to the international steel trust." The San Nicolas project had received $135 million in U.S. Export-Import Bank credits. [See Vol. XX, p. 395F2]

Brazil

U.S. Extradition Pact. A U.S.-Brazilian extradition treaty aimed at "the repression of crime" was signed by U.S. Amb. John Moors Cabot and Brazilian Foreign Min. Horacio Lafer in Rio de Janeiro Jan. 13. The pact, subject to congressional approval by both countries, would not apply to persons wanted for political crimes. It also would give Brazil the right to refuse extradition of persons it thought would be executed.

(U.S. authorities had sought these 3 Americans who had fled to Brazil to escape charges of fraud and embezzlement: Ben-Jack Cage of Texas, Lowell M. Birrell of New York and Earl Belle of Pittsburgh.) [See Vol. XIX, p. 380D1]

Strikes. About 30,000 São Paulo state firemen and policemen went on strike in São Paulo city Jan. 13 in an effort to pressure the State Assembly into granting them a 60% wage increase. Troops, called out Jan. 14, arrested more than 300 firemen and some state policemen, including 28 officers, who had demonstrated before the São Paulo palace of Gov. Carlos Carvhalho Pinto.

12,000 railroad workers struck Jan. 8 for higher wages. By Jan. 12 food shortages caused by the walkout were reported in northeast Brazil. [See Vol. XX, p. 405C1]

Cuba

Dorticós to 'Claim' Guantanamo. Pres. Osvaldo Dorticós Torrado said at a Havana rally Jan. 13 that Cuba would claim the U.S. naval base at Guantanamo "in proper time." He said, however, that Cuba would not attack the base despite such U.S. "provocation" as the "torturing of a Cuban worker," Manuel Prieto Gomez, 32, at the base.

Cuban newspapers said Prieto had been beaten and tortured after being arrested Jan. 6 on charges of stealing payroll documents. Prieto claimed, according to Revolución that U.S. Rear Adm. F. W. Fenno had "hit him." (Fenno, an ex-Guantanamo commander, had gone to the U.S. Oct. 25, 1960 after a heart attack.) U.S. navy officials, denying that Prieto was tortured, said he was released from the base prison Jan. 1 after feigning illness. [See p. 1F2]

U.S. Restricts Travel. A U.S. State Department order announced Jan. 16 barred Americans from going to Cuba without a State Department endorsement on their passports "specifically" permitting such trips. The department barred aliens permanently res

only if it . . . [clearly] strengthens American security.

"10. Our attitude to nations in the non-Communist world should be determined on the basis of a greater emphasis on their friendship for the United States and their willingness to resist communism, than on the ideological character of their governments and the nature of their domestic policies.

"11. Where opposition movements to Communist regimes exist, whether inside or outside the Soviet and Soviet satellite nations, encouragement and concrete aid should be given to those movements publicly and proudly.

"12. The United States must remain fully and effectively armed. . . ."

FOREIGN

Burma

China Border Pact. Ratification of a Burmese-Communist Chinese border treaty signed in Peiping Oct. 1, 1960 was completed with an exchange of documents in Rangoon Jan. 4 by Premiers U Nu and Chou En-lai. The agreement generally upheld the Burmese border fixed by Britain, but it ceded to China small areas in Kachin State and other districts in exchange for a piece of Chinese territory bisecting Burma's major northern highway. China renounced its claims to large sections of Kachin State.

Chou, who had arrived in Rangoon Jan. 2 with a 400-member delegation, left for Peiping Jan. 9 after signing an agreement to lend Burma $85 million without interest over a 6-year period beginning Oct. 1. The loan was to cover the costs of a Chinese technical assistance program. [See Vol. XX, p. 412A3]

Burma announced Jan. 12 that its troops had begun an offensive Dec. 30, 1960 against refugee Chinese Nationalist troops near the borders of Thailand and Laos. It charged that Nationalist China had supplied the refugee troops with arms and munitions by airdrop from Formosa. [See Vol. XX, p. 479C1]

The World Bank announced Jan. 16 a $14 million loan to Burma for railway modernization projects.

Canada

A-Weapons Base Denied. Defense Min. Douglass S. Harkness denied Jan. 10 that U.S. nuclear weapons had been based in Canada or would be required there by the U.S.-Canadian North American Air Defense Command (NORAD).

Harkness, visiting NORAD headquarters in Colorado Springs, reaffirmed Canadian participation in NORAD but made it clear that Canada opposed the spread of nuclear weapons and hoped to avoid acquiring them. Harkness, however, told newsmen in Ottawa Jan. 11 that the basing of nuclear weapons on Canadian territory was "still under consideration" and was "a matter to be determined by the [Canadian] government."

The opposition National Liberal Rally (national body of the Liberal Party) defense subcommittee Jan. 10 approved resolutions calling for (1) a reduced Canadian role in NORAD, (2) Canadian refusal to accept nuclear arms, (3) continuance of current Canadian participation in NATO. These policies had been proposed by Lester B. Pearson, Liberal Party leader, at the opening of the Liberals' annual convention in Ottawa Jan. 10. The convention adjourned Jan. 12 after adopting a resolution urging consideration of UN membership for Communist China. [See Vol. XX, p. 113E3]

The completion of agreements for the return to Poland of a collection of Polish art treasures sent to Canada for safety during World War II was confirmed Jan. 2 by Quebec Province Atty. Gen. Charles Cantin. The agreements, signed Dec. 31, 1960 despite the protests of members of the World War II Polish government-in-exile, provided for transfer of the 24-trunkload treasure to the Wawel Museum in Cracow. 2 trunkloads of the treasure returned to Poland in 1959 had been insured for $100 million. [See Vol. XIX, p. 14A1]

Great Britain

Honors List. More than 2,200 persons were recognized for their service to Britain and the Commonwealth by Queen Elizabeth II's New Year's Honors List, published Dec. 30, 1960.

Among those honored: Officers of the Order of the British Empire—Margaret Rutherford, actress, Peter Dimmock, BBC official, Lt. Col. A. D. C. Macaulay, All England Lawn Tennis and Croquet Club (Wimbledon) secretary; Knighted—Tyrone Guthrie, theatrical producer, Dr. A. C. B. Lovell, Jodrell Bank radiotelescope center director, Vice Pres. William Iliff of the World Bank; Barons—Sir Alexander Fleck, Power Ministry research director, Tom Williams, former Laborite MP (made a Life Peer); Baronets—Sir James Bowman, National Coal Board chairman, Hugh Fraser, department store magnate. [See Vol. XX, p. 5A2]

Life Peerages were granted by the Queen Jan. 16 to 5 Laborites and one Conservative. The Laborites included Dr. Edith Summerskill, 59, George S. Lindgren, 60, William Hughes, 49, James Mortimer Peddie (Cooperative Party chairman), 55, and Henry Walston, 48. The Conservative was Hugh Molson, 57. [See Vol. XX, p. 31D3]

Princess Margaret and Antony Armstrong-Jones paid a 10-day visit to Ireland beginning Dec. 31, 1960 as guests of the Earl and Countess of Rosse. Margaret was the first member of the royal family to visit Ireland since 1928.

(Belfast police confirmed Jan. 4 that Liam Kelly, 40, leader of the Saor Uladh [Free Ulster] group of dissident IRA terrorists, had been permitted to emigrate to the U.S.)

The arrests of 5 persons accused of spying on Britain's Underwater Detection Establishment in Portland were disclosed Jan. 8 by Scotland Yard. Those held included Henry F. Houghton, and Ethel E. Gee, Portland employees, Peter J. Kroger and Helen J. Kroger, both believed to be Canadians or U.S. citizens, and Gordon A. Lonsdale. It was reported they had sought submarine detection secrets for the USSR. [See Vol. XX, p. 114G1]

British-Soviet accords to increase cultural, scientific and tourist exchanges in 1961 were signed in London Jan. 9 by Foreign Affairs Undersecy. Joseph Godber and Chrmn. Georgi A. Zhukov of the USSR's Committee for Cultural Relations with Foreign Countries.

India

Sikh Leader Ends Fast. Sant Fateh Singh, 50, a Sikh religious leader, Jan. 9 ended a fast begun Dec. 18, 1960 in Amritsar to dramatize Sikh demands for a separate Punjabi-speaking state in northwestern India. The sant broke his 22-day fast after Prime Min. Jawaharlal Nehru had expressed his support the previous day for the encouragement of Punjabi as the dominant language of Punjab State. Nehru's statement contained no mention of a division of the Punjab into Sikh and Hindu states despite claims Jan. 8 by Master Tara Singh, Sikh extremist Akali Dal leader, that Nehru had fulfilled Sikh demands.

Punjab State announced Jan. 9 that it would free 5,000 Sikh agitators arrested during 1960. [See Vol. XX, p. 422D1]

20 Naga tribal leaders, among them Lunghsim Shaiza and Miss Beilin Aneami, were reported Jan. 11 to have been arrested in Kohima for obstruction of elections in the Naga Hills-Teunsang area for a projected Nagaland State Assembly. (It was reported in Rangoon Jan. 1 that 1,000 Nagas had killed 15 Burmese and kidnaped others in a raid on Makhari, a Burmese village 5 miles from the frontier.) [See Vol. XX, p. 322F1]

A 40-megawatt breeder-type nuclear reactor, believed to be the largest in Asia, was inaugurated by Nehru in Trombay Jan. 16. The $21 million reactor was built with Canadian aid.

Israel

Ben-Gurion Vs. Lavon Verdict. Premier David Ben-Gurion began a vacation from his official duties Jan. 5 with the implied threat that he would resign rather than accept the exoneration of ex-Defense Min. Pinhas Lavon from responsibility for an undisclosed military mishap for which Lavon had been forced to resign in 1955.

The Israeli cabinet had voted Dec. 25, 1960 to accept the results of an inquiry that had upheld Lavon's assertion that the military action had been carried out without his knowledge and that forged evidence had been used to fix his responsibility and force his resignation as defense minister. Lavon, Histadrut labor federation secretary general, subsequently had charged that he was the victim of a Defense Ministry clique that drew its inspiration from Ben-Gurion (in retirement at the time of the military incident), ex-Premier Moshe Sharett, Deputy Defense Min. Shimon Peres and Gen. Moshe Dayan, then Israeli army chief of staff.

The Israeli Defense Ministry announced Jan. 10 that the unnamed senior army officer accused of forging evidence against Lavon in 1954 had been discharged from the army.

Ben-Gurion charged Jan. 12 in an address to the Mapai (Labor) Party Central Committee that Lavon had organized opposition parties for a "poisonous war" against the Mapai-led government. Lavon was said to have been heckled when he spoke without directly answering Ben-Gurion's charges. The committee voted Jan. 15 to call on Ben-Gurion and his cabinet to remain in office and to approve plans for a Mapai probe of the Lavon case.

Pres. Itzhak Ben-Zvi met Jan. 15 with Ben-Gurion and ministers backing Lavon (Foreign Min. Golda Meir,

strength, and through every appropriate legislative procedure, any proposal which would lead to inflation. . . . We further pledge ourselves to combat any attempt to add to the already unbearable burden of taxation which rests on our citizens unless it can clearly be shown that such new taxes are essential to the national security and that a heavy preponderance of our citizens . . . willingly accept the additional burden. . . .

Labor—"A. Labor unions enjoy many special privileges and immunities under federal law. By far the most important of these is the exclusive right to represent all the employes in the unit for purposes of collective bargaining. . . . Those employes who do not wish to join, as well as those whom the union . . . excludes from membership, can neither bargain for themselves nor select any person or agency other than the union . . . to bargain for them. . . . In granting unions this right, the government, in effect, has bestowed upon them the power of government itself. . . . This provision of law . . . results in the most serious injustice to those employes who wish to join the union but are excluded by the union. . . . In certain industries there is a widespread practice whereby employers recruit their labor force through the local unions. . . . This is particularly true in [industries employing] . . . the most highly skilled, and consequently the most highly paid, employes. . . . As a result, untold numbers of completely qualified workers, who for one reason or another are denied admission to union membership, are excluded not only from many jobs, but particularly from the most highly paid jobs as well.

"The Republican Party, therefore, strongly denounces these exclusionary policies and advocates measures to end them. It firmly believes that no union should enjoy the . . . privilege of exclusive representation in collective bargaining if it arbitrarily excludes from membership those qualified workers who wish to join the union.

"B. The right of an American citizen to express his political preferences, and to give his support to the candidates and party of his choice is the fundamental political right on which our democratic society is based. . . . One of the most vicious forms of . . . [interference with this right] is to exert economic coercion on a citizen in order to compel his support for a particular political party, candidate or program by threatening him with the loss of his livelihood. . . .

". . . Today, the vast majority of labor unions operate under collective bargaining agreements which require employes to join the union and pay periodic dues and initiation fees as a condition of holding their jobs. Regardless of what use the money an employe must pay to the union is put, no matter how objectionable he finds such use to be, if he refuses for that reason to pay his dues, the union can, and usually does, force the employer to fire him. . . .

"Every union today is using substantial portions of the funds collected from membership dues and initiation fees in behalf of specific candidates, parties and political programs. . . . Many employes who favor rival candidates, parties and platforms are nevertheless compelled to contribute their money to support candidates, parties and political programs they bitterly oppose, or lose their jobs. . . .

"The Republican Party therefore pledges itself to make the strongest effort to correct this intolerable injustice by proposing and supporting measures which will restore to all of our citizens their . . . right to express and support their political preferences completely free from any form of restraint, interference or coercion.

"C. One of the firmest pillars upon which American society rests is the proposition that law and order are an absolute essential for the preservation and improvement of our democratic way of life. . . .

"There is one significant area where the disobedience to law and the resort to serious violence and physical coercion . . . is so widespread, so persistent and so ignored . . . [as to menace] our free institutions. . . .

"Labor disputes, increasingly, are erupting into violence. More and more, strikers and picket lines use force and intimidation to prevent employes who so desire from working, and other individuals from entering upon their own property and operating their own establishments. In certain sections of the country . . . the police and the public authorities make little or no attempt to enforce the law by preventing the violence or by protecting those who wish to exercise their legal and Constitutional rights.

"We propose to do all we can to arouse the public to demand the elimination of this dangerous threat. . . . We would prefer to leave this problem to solution on the state and local level. . . . But there are 2 factors which make this impracticable and thus require federal law and the exercise of federal power. . . .

"First, labor unions have attained their present size and strength, and hence their ability to defy the law, as a result of a series of special benefits, rights, privileges and immunities bestowed upon them by federal statutes. . . .

"2d, labor disputes involving unlawful picketline violence, as well as sabotage, threats, assaults on workers, . . . vandalism, destruction of property, even bombings, have occurred in many parts of the country. But law enforcement against these illegal activities has been most lax in the industrial North, particularly in the giant urban centers. . . .

"The reason for such lawless refusal to enforce the law is not far to seek. The governments of these cities and of most of the states in which they are located are in the hands of Democratic administrations which depend for their political survival on appeasing, even kowtowing to the labor union elements who are responsible for such lawlessness. . . . Thus, we are reluctantly forced to conclude that only the federal government can take effective action. . . . The Republican Party, therefore, pledges itself to propose and support legislative measures to eliminate violence in labor disputes. . . .

"D. In 1959 Congress adopted the Landrum-Griffin Act by overwhelming margins. . . . In so doing, our government for the first time recognized the need for federal regulation of labor unions in order to eliminate corruption and crime, and to protect rank-and-file union members against the tyranny of their own labor leaders. . . . We are of the opinion that the bill of rights provisions in the Landrum-Griffin Act which protect rank-and-file members in the exercise of their rights as union members need strengthening. And they need it precisely in that area where a huge majority of the Democratic Party in the Senate succeeded in seriously weakening these safeguards by compelling the union member to bring a private suit to enforce his rights instead of requiring an appropriate federal official or agency to bring such suit. . . .

"The Republican Party, therefore, will propose amendments to the Landrum-Griffin Act [to give the] . . . rank-and-file union member the aid and support of the federal government in seeking to vindicate his legal rights which have been violated by his union or its leaders.

"E. Free and voluntary collective bargaining is the surest guaranty of the preservation of a genuinely democratic society based primarily on an economic system of free enterprise. An indispensable element . . . is the right of employes, acting in concert, to withhold their labor in their effort to induce employers to grant them favorable terms and conditions. . . . No strike should be embarked on unless the decision to do so unquestionably reflects the will of the employes. . . .

"It is true that many union constitutions require a favorable strike vote by a majority of the union members actually voting before the union officers are authorized to call a strike. However, there is no law requiring that such a vote be taken. As a result, many strikes are called by union leaders without adequate consultation with their membership; others are begun on the basis of votes taken by a show of hands in an open union meeting where those who do not favor a strike fear to indicate their opposition. . . .

"The Republican Party therefore supports legislation . . . based on the following simple requirements:

"1. A strike shall be unlawful unless notice of intention to strike is given to all those concerned at least 30 days prior to . . . the strike.

"2. At any time after such notice has been given, and prior to the termination of the strike, a petition may be filed by an employe . . . [asking the NLRB] to conduct an election by secret ballot among the employes . . . on the question of whether they favor a strike or its continuation. If such a petition is supported by 30% of said employes, the board shall conduct such an election and the strike or its continuation shall be lawful only if a majority so voting, cast their ballots in favor thereof.

Social welfare—"Rare is the worker or family which doesn't have some savings or insurance, and the number coming under private pension plans has increased tremendously. It is therefore quite natural that our people should be deeply concerned about any political program, which by causing inflation, will destroy the value of their savings, their insurance, and their . . . pension benefits. Therefore, . . . the Republican Party adopts the following policy:

"We will oppose the initiation or expansion of any federal welfare program requiring the expenditure of federal funds unless such program meets the following conditions:

"1. Taxes will not be increased.

"2. Deficit spending . . . must not be resorted to. . . .

"3. Benefits under these programs shall be limited only to those states and localities which clearly demonstrate a need for such aid, and affirmatively demonstrate their inability to meet these needs entirely out of their own resources.

"4. States receiving such aid shall match federal contributions on a scale not less than the highest annual sums previously allotted by the state to comparable programs.

"5. Wherever a program is absolutely essential and universally demanded, and it appears that it cannot be financed on the federal level without resort to additional taxation or deficit spending, the entire federal budget should be scrutinized. . . . Every existing spending program should be examined with an eye to determining whether it can be cut down or eliminated. . . .

"The Republican Party believes that the tremendous growth in recent years of private savings, insurance and pension funds is a clear indication that our people believe in the traditional American principle that the primary responsibility for their financial security rests with the people and not with the government. We therefore . . . will encourage all private associations, organizations, and institutions in our nation to participate in extending them by a program of new and increased tax deductions. . . . We urge employers to move forward rapidly in setting up transferable insurance and pension programs. . . . We strongly support the efforts of labor unions, through the collective bargaining process, to help in securing such transferable programs. . . .

Education—"Most American colleges and universities are being forced to raise their tuition fees. . . . As a result, many families find that financing the higher education of their children is extremely difficult. We believe that higher education for American youth is not only desirable but increasingly essential. . . . We therefore believe that the federal government, which absorbs so much of the income of the American people, . . . should provide some relief in order to encourage and make possible a college education for those who have the [necessary] ability. . . .

"Providing an education for their children is traditionally the responsibility of the American family and not of the government. Hence, a federal program to aid our young people to secure a college education should wherever possible, avoid the form of federal grants. . . .

"The Republican Party therefore . . . will propose and support measures to give every family a substantial additional deduction for each child attending college. Such deductions will be limited to families in which the net taxable income does not exceed $20,000. . . .

Foreign policy—"We believe that stimulating the national pride is even more important than increasing our national prestige. For too long have we . . . deferred to the ineffectual, even harmful policies of other nations, often in a fashion detrimental to our own national interests, yes, even to our national security.

"It is high time that we ceased fearing to give offense to so-called neutralists, unpredictable friends, unreliable allies, and even to . . . enemies. . . . In doing so, we have usually earned . . . their contempt, and have convinced them that they can push what they mistakenly regard as their own national interests at the expense of ours, at the expense of the security of the free world. . . .

". . . It is high time that we made clear to the rest of the free world that we are at least as necessary to their survival as they are to ours. . . .

"We Republicans therefore insist that an effective foreign policy should adhere to and develop from the following fundamental policy positions:

"1. A hard anti-Communist line both in foreign affairs and with respect to internal subversion. . . .

"2. The protection of American interests and freedom should always be the primary objects of our policy. . . .

"3. A complete distrust of the Soviet Union based on the knowledge that the Soviet Union will never honor an agreement which imposes disadvantages upon it. . . .

"4. Immediate resumption of nuclear testing.

"5. Absolute opposition to admission of Red China into the United Nations and a publicized readiness to withdraw from the UN if such admission is granted. . . .

"6. Reliance on ourselves in the development of our foreign policy.

"7. More insistence that our major allies assume some of the burdens, particularly in the field of foreign economic aid, that we have shouldered practically alone. . . .

"8. Refusal to permit the surrender of a single inch of free territory anywhere in the world to the Communist powers, where the retention of such territory represents a military advantage to ourselves or our allies, or where such surrender would have the psychological effect of impairing the morale of our allies, strengthening that of our Communist enemies, or indicating weakness to the rest of the world. . . .

"9. In giving aid, military and economic, the most generous allocations should go to . . . friends and allies who have demonstrated a long time reliability and a continued willingness to resist the enemy. Others should receive such aid